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The CRA: A Welcome Anomaly in the Foreclosure Crisis

Warren W. Traiger
Traiger & Hinckley LLP

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WARREN W. TRAIGER

The CRA: A Welcome Anomaly in the Foreclosure Crisis

ABOUT THE AUTHOR: Warren W. Traiger, a partner at Traiger & Hinckley LLP in New York City, counsels financial institutions on regulatory matters, particularly fair lending and Community Reinvestment Act compliance. The author would like to thank his colleague Joseph Calluori and the firm's Director of Analytics, Jeff Schwartz, for their invaluable assistance with this article.

I. INTRODUCTION

Much of the responsibility for the recent spike in foreclosure rates, one of the symptoms of the "subprime crisis," has been placed on lenders who failed to appropriately assess the risks involved in the loans they originated. Such lenders allegedly overlooked weak borrower credit histories, high loan-to-value ratios, and sketchy borrower income documentation to originate higher cost loans[1] that were promptly sold to third parties. In congressional testimony, Federal Reserve Chairman Bernanke described how changes in the mortgage industry may have led to the current foreclosure crisis:

> The originate-to-distribute model seems to have contributed to the loosening of underwriting standards in 2005 and 2006. When an originator sells a mortgage and its servicing rights, depending on the terms of the sale, much or all of the risks are passed on to the loan purchaser. Thus, originators who sell loans may have less incentive to undertake careful underwriting than if they kept the loans. Moreover, for some originators, fees tied to loan volume made loan sales a higher priority than loan quality. This misalignment of incentives, together with strong investor demand for securities with high yields, contributed to the weakening of underwriting standards.[2]

This study isolates the 2006 performance of one category of mortgage lenders—banks originating loans in their Community Reinvestment Act[3] ("CRA") assessment areas, referred to hereinafter as "CRA Banks." Our hypothesis is that the CRA, which requires banks to help serve the credit needs of their local communities, including low- and moderate-income ("LMI") neighborhoods, consistent with safe and sound banking practices, may have deterred banks from engaging, at least in their local communities, in lending practices that fuel foreclosures.

To test our hypothesis, we analyzed 2006 Home Mortgage Disclosure Act ("HMDA") data to compare the lending performance of CRA Banks[4] with other

1. For the purposes of this article, "higher cost loans" are first lien mortgage loans with annual percentage rates ("APR") at least three percentage points higher than the yields on comparable maturity U.S. Treasury securities. The spread between the APR and Treasury security yield is reported on these loans pursuant to the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801–2811 (2006).

2. Ben S. Bernanke, Chairman, Fed. Reserve Sys., Testimony before the Committee on Financial Services, U.S. House of Representatives: Subprime Mortgage Lending and Mitigating Foreclosures, (Sept. 20, 2007) [hereinafter Bernanke Testimony], *available at* http://www.federalreserve.gov/newsevents/.testimony/bernanke20070920a.htm.

3. Community Reinvestment Act, 12 U.S.C. §§ 2901–2908 (2006).

4. For the purposes of this article, a "CRA Bank" is a CRA-reporting bank making mortgage loans subject to the CRA (i.e., in its CRA assessment area) in the fifteen most populous MSAs. "Non-CRA Banks" refer to banks that filed a CRA report but whose assessment area did not include the MSA analyzed. The statistics exclude loans made by banks that did not file a CRA Disclosure Report, presumably because the banks did not meet the asset size threshold. Such loans constituted 1.6% of all loans made in the fifteen most populous metropolitan statistical areas. In computing the lending performance of a CRA Bank, only loans originated by the bank are included. While a bank has the option of including affiliate lending in its CRA assessment, 12 C.F.R. § 228.22(c) (2008), only direct lending must be assessed. Calculations that include affiliate lending are set forth in Appendix B, and they do not affect the conclusions of this report.

lenders in the fifteen most populous U.S. metropolitan statistical areas ("MSAs") according to the U.S. Census Bureau as of July 1, 2006. For each MSA, Federal Financial Institutions Examination Council data was obtained on the CRA assessment area(s) of every bank that filed a CRA Disclosure Report[5] and on each HMDA-reported origination. Using this data, each loan was categorized according to whether it was a higher cost loan, whether it was originated to an LMI borrower, the type of lender originating it, and the geography in which it was originated.

This study examined HMDA-reported conventional, owner-occupied, first lien, home purchase loans. Four areas relevant to the foreclosure crisis were reviewed: (1) the proportion of higher cost loans; (2) the pricing of higher cost loans; (3) the proportion of originated loans retained by the lender; and (4) the relationship between foreclosure rates and concentration of bank branches.

A. Summary Conclusions

Our study concludes that *CRA Banks were substantially less likely than other lenders to make the kinds of risky home purchase loans that helped fuel the foreclosure crisis*. Specifically, our analysis shows that:

1. CRA Banks were 66% less likely than other lenders to make a higher cost loan;
2. The average annual percentage rate (APR) on higher cost loans originated by CRA Banks was sixty-eight basis points lower than the average APR on higher cost loans originated by other lenders;
3. CRA Banks were more than twice as likely as other lenders to retain originated loans in their portfolio; and
4. Foreclosure rates were lower in MSAs with greater concentrations of bank branches.

B. CRA Background

The CRA was enacted by Congress in 1977 in response to allegations that banks and thrifts were engaged in the practice of "redlining," also known as deposit exportation.[6] Senate Banking Committee Chairman and bill sponsor William Proxmire of Wisconsin broadly defined "redlining" as the taking of deposits received from customers in lower-income neighborhoods and investing that money elsewhere.[7] It was widely believed that this practice was a significant cause of the deterioration of urban neighborhoods.

The CRA was, and remains, a terse, precatory statute that requires each federally-insured bank and thrift that grants credit to the public in the ordinary course of business to meet "the credit needs of its entire community, including low- and

5. Pursuant to 12 C.F.R. § 228.42(g) (2008), "[a] bank, except a small bank or a bank that was a small bank during the prior calendar year, shall collect and report to the Board by March 1 of each year a list for each assessment area showing the geographies within the area."

6. *See* 12 U.S.C. § 2901 (2006) (stating the purpose of this is to "encourage [financial] institutions to help meet the credit needs of the local communities in which they are chartered").

7. *See* 123 Cong. Rec. 17,603–04 (1977).

moderate-income neighborhoods, consistent with the safe and sound operation of such institution."[8]

The CRA is enforced by the bank's or thrift's primary federal regulator, which is charged with assessing the institution's record of meeting community credit needs. Each institution receives a public grade of "Outstanding," "Satisfactory," "Needs to improve," or "Substantial non-compliance."[9] In addition, the CRA directs the federal regulator to "take such record into account" in its evaluation of certain applications for regulatory approval.[10]

II. DISCUSSION

A. Higher Cost Loans

Higher cost loans are a primary driver of the foreclosure crisis, as borrowers who are unable to afford their mortgage payments default on their loans. There is a very high statistical correlation (0.816) between the proportion of lending that is higher cost and the foreclosure rate in the MSAs analyzed.[11] Default rates rose in 2008, as monthly payments increased on mortgage products that permitted borrowers to pay lower "teaser" rates for the first few years of a loan.[12]

All Borrowers

Unlike other lenders, whose market share of higher cost loans in the fifteen most populous MSAs was greater than their overall market share, CRA Banks had a significantly lower market share of higher cost loans than of all loans.

8. 12 U.S.C. § 2903(a)(1) (2006).

9. 12 C.F.R. pt. 228 app. A (2008) (Federal Reserve Board); 12 C.F.R. pt. 25 app. A (2008) (Office of the Comptroller of the Currency); 12 C.F.R. pt. 345 app. A (2008) (Federal Deposit Insurance Corporation); 12 C.F.R. pt. 563e app. A (2008) (Office of Thrift Supervision).

10. 12 U.S.C. § 2903(a)(2) (2006).

11. *See infra* app. A, fig. A-1. Correlation is a commonly used measure of the strength and direction of a linear relationship between two variables (obtained by dividing the sample covariance of the variables by the product of their sample standard deviations). Correlation ranges from +1 to -1. If one variable tends to increase as the other decreases, the correlation is negative. Conversely, if the two variables tend to increase together the correlation is positive. The stronger the linear relationship between the variables, the higher the absolute correlation between the variables. Therefore, if there is a perfect linear relationship between two variables the correlation is 1 (either positive or negative); if there is no linear relationship between the two variables the correlation is 0.

12. Mortgage Bankers Ass'n, Delinquencies and Foreclosures Increase in Latest MBA National Delinquency Survey (2008), http://www.mbaa.org/NewsandMedia/PressCenter/64769.htm.

All Loan Market Share
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans
in 15 Most Populous MSAs

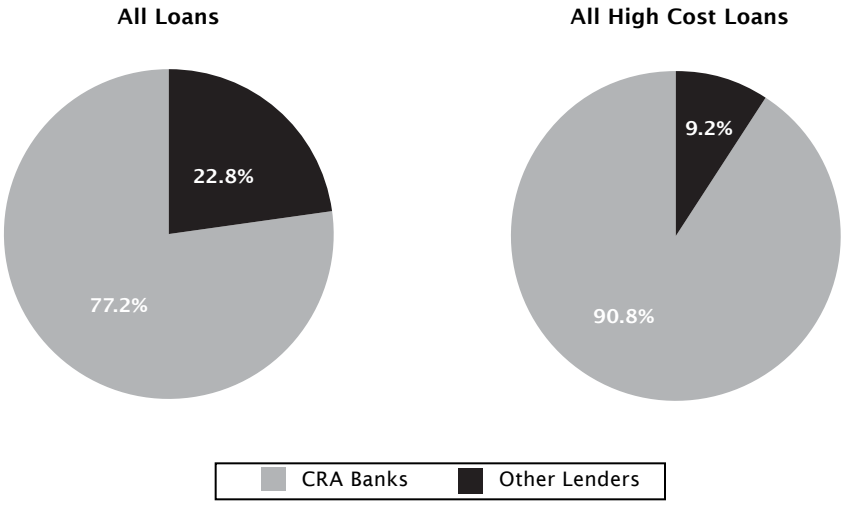

Figure 1

Indeed, in each of the fifteen most populous MSAs, CRA Banks were less likely than other lenders to originate a higher cost loan.[13] Overall, CRA Banks were 66% less likely than other lenders to originate a higher cost loan.

13. Calculations for CRA Banks combine figures for the fifteen most populous MSAs, effectively causing MSAs with more loans to have greater weight.

Higher Cost Loans As a Percentage of Total Originations by CRA Banks and Other Lenders

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

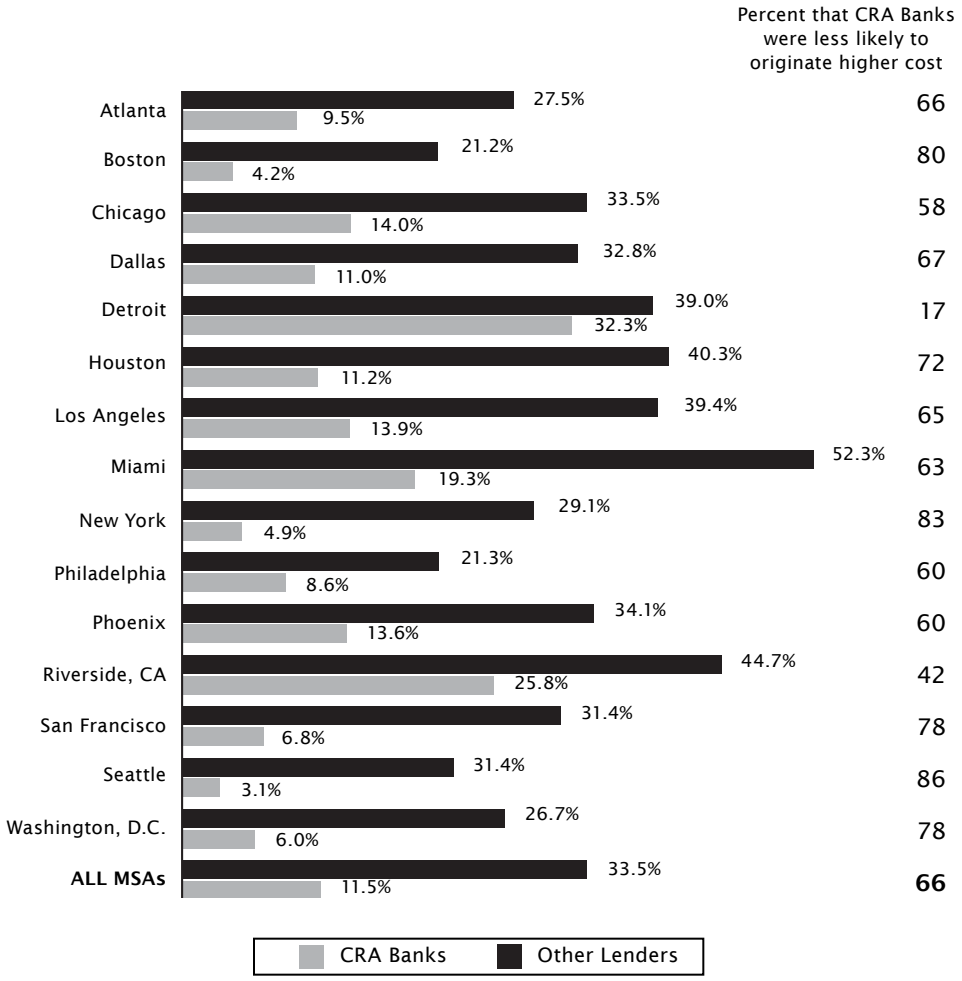

Figure 2

Significantly, the lower proportion of higher cost loan originations by CRA Banks was not caused by CRA Banks being more likely to deny a loan application. In the fifteen MSAs analyzed, CRA Banks were 16% less likely than other lenders to deny an application. (CRA Banks had a 15.2% denial rate; other lenders had an 18.1% denial rate.)[14]

14. Denial rates are for submitted applications and therefore exclude purchases and pre-approvals. The figures also exclude HMDA filers who did not originate at least one loan in 2006.

Low- and Moderate-Income Borrowers

The foreclosure crisis particularly impacts LMI borrowers:[15]

> [Lower-income borrowers] are increasingly devoting more than half of their income to housing costs . . . . It is easy to imagine that for low-income households living at the margins of their budgets, even small increases in monthly housing costs can have a significant effect on their ability to cover living expenses and keep up with their monthly payments. If one considers the potential for other payment shocks, such as unforeseen medical expenses, the risks of default and foreclosure are even greater.[16]

Serving the credit needs of LMI borrowers is arguably the most important facet of a CRA performance examination, which evaluates a bank according to the number and dollar volume of LMI loans originated or purchased in its assessment area.[17] Like total lending, CRA Banks' market share of higher cost loans made to LMI borrowers was significantly lower than their market share of all loans to LMI borrowers in the fifteen most populous MSAs.

LMI Loan Market Share

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

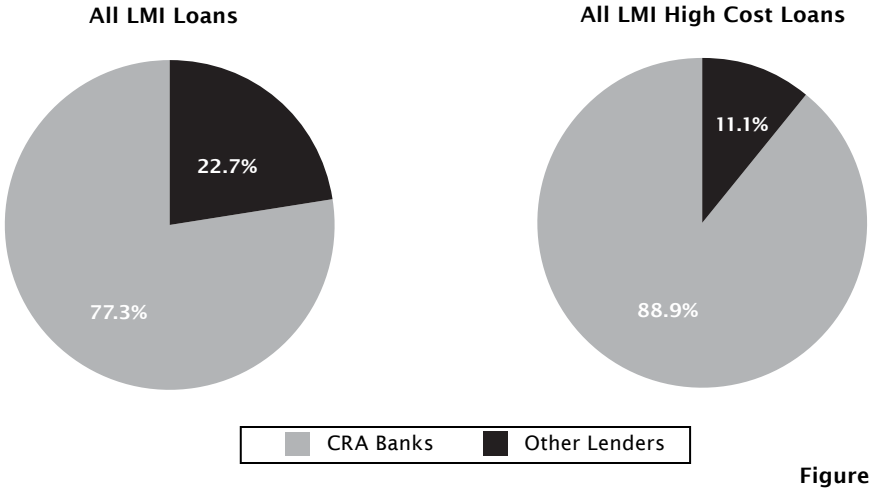

Figure 3

Overall, CRA Banks were 58% less likely than other lenders to originate higher cost loans to LMI borrowers.

15. A borrower is LMI if his or her income is less than 80% of the area's median income. For a borrower located in an MSA, the area median income is the median family income for the MSA. *See* 12 C.F.R. §§ 228.12(b)(1), (m)(1)–(2) (2008).

16. Naomi Cytron & Laura Lanzerotti, *Homeownership at High Cost: Recent Trends in the Mortgage Lending Industry*, Community Investments (Fed. Reserve Bank of San Francisco), Dec. 2006, at 6.

17. 12 C.F.R. § 228.22(b)(3) (2008).

Higher Cost Loans As a Percentage of Total Originations to LMI Borrowers by CRA Banks and Other Lenders

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

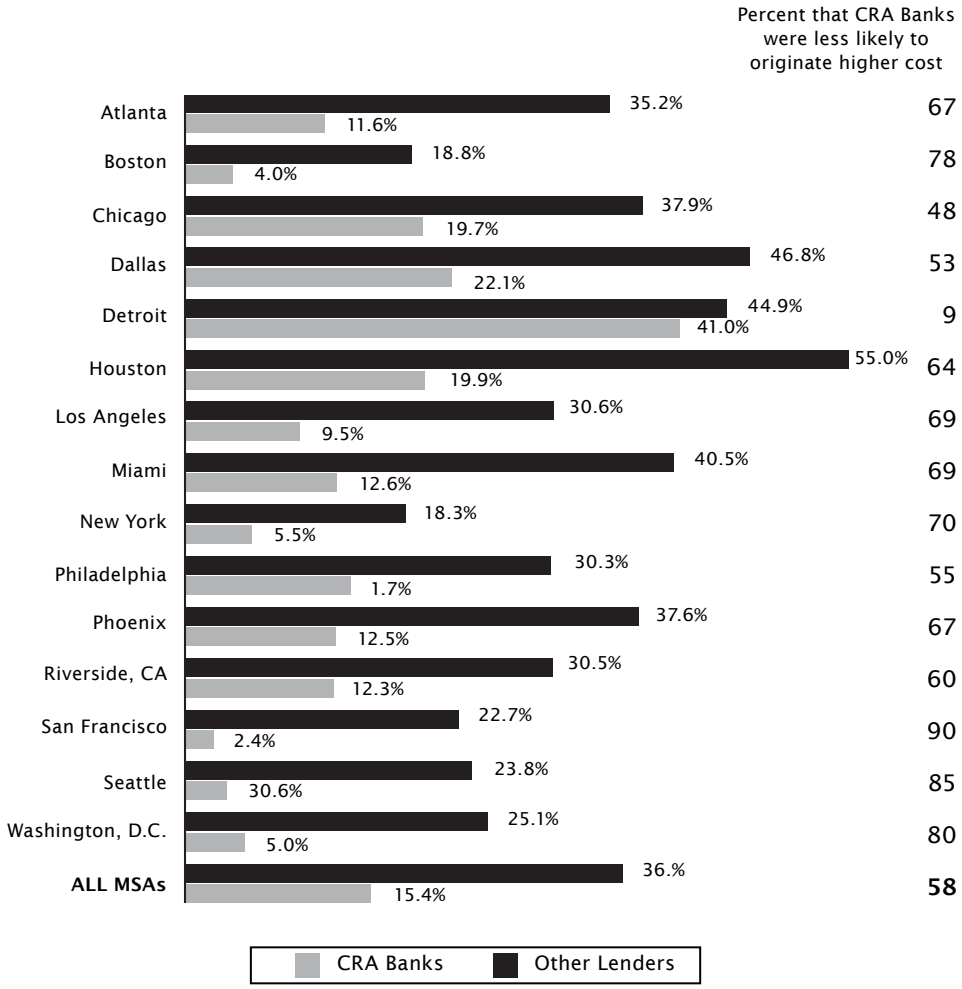

Figure 4

B. APR on Higher Cost Loans

All Borrowers

When CRA Banks did originate higher cost loans, the average APR was appreciably lower than the average APR on higher cost loans originated by other lenders. Overall, the average higher cost loan made by CRA Banks was priced sixty-eight basis points lower than the average higher cost loan originated by other lenders.

Average Rate Spreads on Higher Cost Loans Originated by CRA Banks and Other Lenders[18]
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

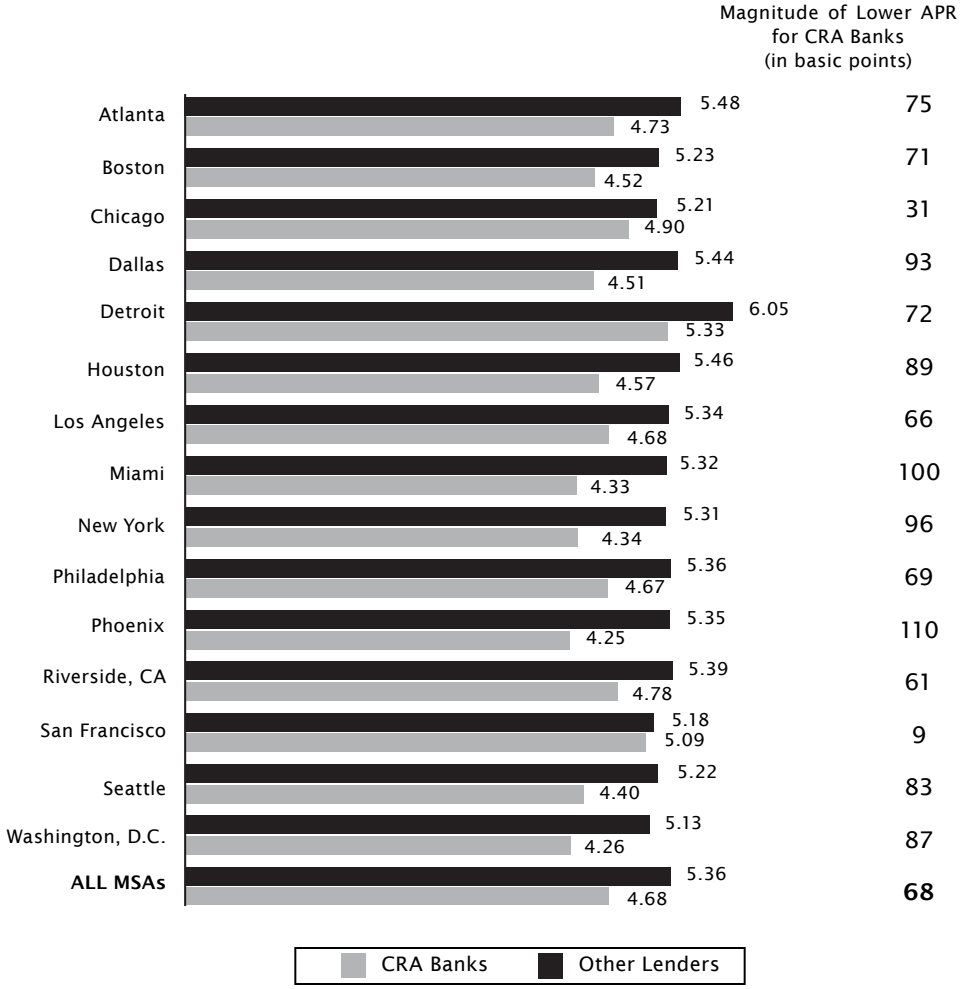

Figure 5

LMI Borrowers

The APR difference on higher cost loans originated to LMI borrowers was even greater than the difference for all loans. Overall, higher cost loans made by CRA Banks to LMI borrowers were priced seventy-four basis points lower than higher cost loans originated to LMI borrowers by other lenders.

18. The rate spread is the APR minus the yield on the Treasury security with a comparable maturity and is only reported for higher cost loans. The average rate spread for a geography is the mean rate spread (i.e., the sum of the rate spreads divided by the total number of higher cost loans).

Average Rate Spreads on Higher Cost Loans to LMI Borrowers by CRA Banks and Other Lenders

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

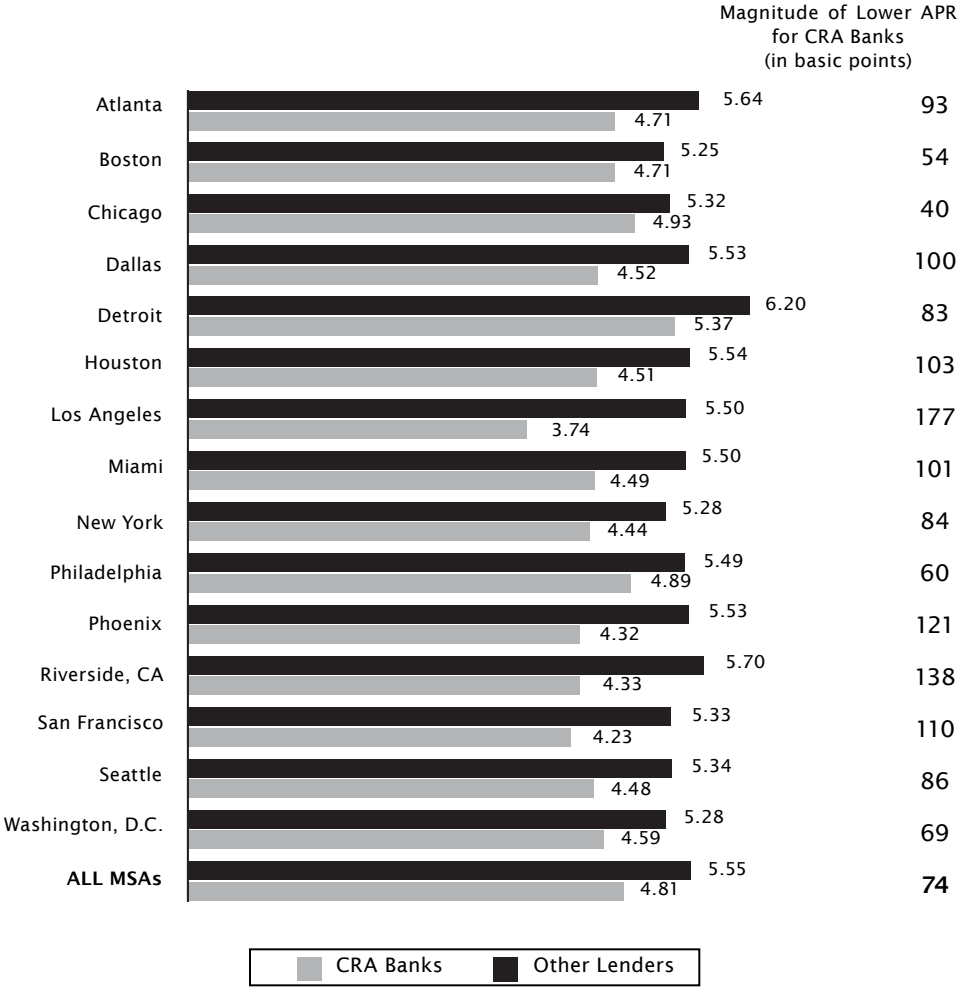

Figure 6

C. Loan Retention

As noted by Chairman Bernanke, "originators who sell loans may have less incentive to undertake careful underwriting than if they kept the loans."[19] Federal Reserve Governor Randall S. Kroszner has added:

> [T]he originate-to-distribute model can leave lenders with weaker incentives to maintain strong underwriting standards. In particular, originators who

19. Bernanke Testimony, *supra* note 2, at 3.

> securitize may inadequately screen potential borrowers unless investors provide oversight and insist on practices that align originator incentives with the underlying risk. The originate-to-distribute system is thus not only a potential source of risk to the financial system but also raises concerns regarding consumer protection.[20]

CRA Banks were more than twice as likely as other lenders to retain originated loans in their portfolio.[21] While banks in general would be expected to retain more loans than non-depository lenders, our study also found that CRA Banks were significantly more likely to retain loans they originate in their CRA assessment areas than banks without CRA responsibilities in those areas (Non-CRA Banks). As indicated below, this distinction held for all loans, including higher cost loans, loans to LMI borrowers, and higher cost loans to LMI borrowers.

Proportion of Loans Held in Portfolio
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

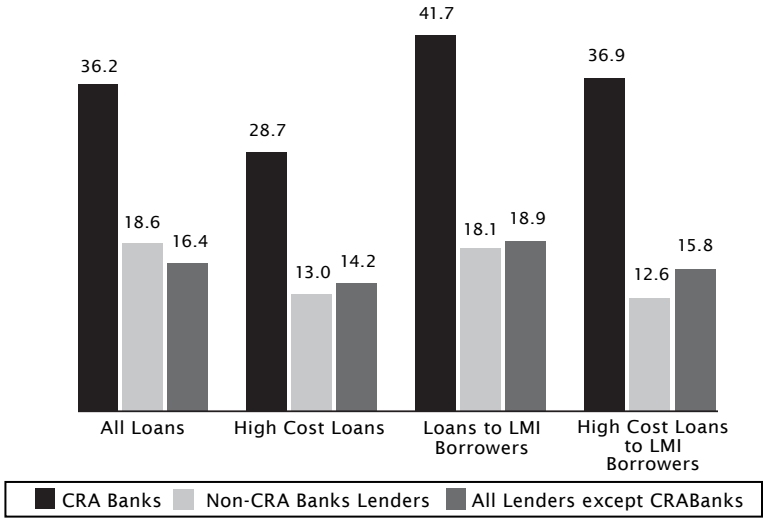

Figure 7

With few exceptions, these overall findings were reflected in the findings for each metropolitan area analyzed. Please see Figures A-2 through A-5 in Appendix A for details.

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20. Governor Randall S. Kroszner, Speech at Consumer Bankers Association 2007 Fair Lending Conference: The Challenges Facing Subprime Mortgage Borrowers (Nov. 5, 2007), *available at* http://www.federalreserve.gov/newsevents/speech/kroszner20071105a.htm.

21. For analytical purposes, we considered a loan to be held in portfolio if it had a HMDA-reported Type of Purchaser code of "0," indicating the loan was not sold during 2006.

D. Bank Branch Concentration and Property Foreclosure Rates

Foreclosure rates are lower in metropolitan areas that have proportionately more bank branches. For the reasons explained below, we suspect that the CRA's focus on service to communities where a bank's branches are located may have caused CRA Banks to more carefully underwrite loans and, consequently, make fewer nonperforming loans.

Overall, our study found a very high negative statistical correlation (-0.764) between the number of bank branches and the number of properties with foreclosure filings per owner-occupied housing unit. The graph below contrasts each MSA's foreclosure rate to its proportional number of bank branches. Note the trend line which indicates that the higher a metropolitan area's concentration of bank branches, the lower the foreclosure rate there.

Foreclosure Rates and Bank Branch Concentration
Per Owner-Occupied Housing Unit in 15 Most Populous MSAs

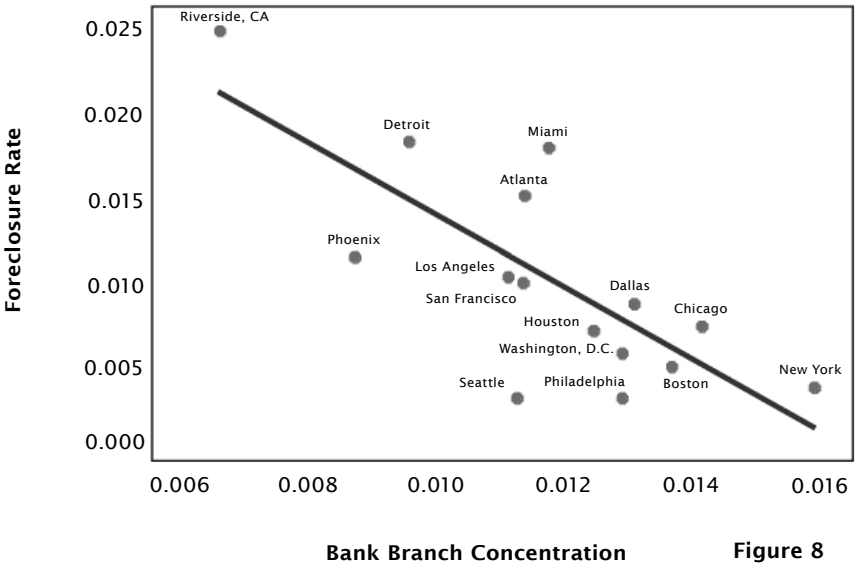


Figure 8

Sources: Foreclosure data is for the third quarter of 2007 and derived from RealtyTrac's® release dated November 14, 2007; bank branch data is from the FDIC.[22]

22. Foreclosure property figures for Nassau and Suffolk counties in New York, Lake County in Illinois, and Kenosha County in Wisconsin are based on estimates. Foreclosure figures for Rockingham and Strafford counties in New Hampshire included in the Boston foreclosure figure were obtained directly from RealtyTrac® rather than from the November 14, 2007 press release on third quarter 2007 metropolitan area foreclosure rates.

Foreclosure rates are impacted by a range of economic and demographic factors, including, according to the Federal Reserve Bank of Boston, housing prices and unemployment rates.[23] However, the negative correlation between bank branch concentration and foreclosure rate was substantially higher in absolute value than the correlation between foreclosure rate and unemployment rate (0.574)[24] and slightly higher in absolute value than the negative correlation between foreclosure rate and change in housing prices (-0.721).[25]

A bank's CRA responsibilities to a community emanate from the presence of a branch there,[26] and, as noted above, a bank's record of serving the credit needs of LMI borrowers in its community is arguably the most important facet of CRA compliance. In addition, CRA examinations assess a bank's distribution of branches and its "record of opening and closing branches, particularly branches located in [LMI] geographies . . . or primarily serving [LMI] individuals."[27] The CRA's emphasis on branches may have helped limit the proportion of higher cost lending for two reasons.

First, ready access to a bank branch allows a borrower to conveniently apply for a mortgage loan directly from a local institution. This obviates the need to use a mortgage broker, where loans are often more expensive.[28] In its review of 2004 HMDA data, Federal Reserve Board staff noted the "incidence of higher-priced lending is significantly higher for borrowers who live outside the assessment areas of lenders covered by the [CRA] than for those who live inside these areas."[29] The HMDA data do not provide a reason for this pattern, but several explanations that warrant further research are possible. For example, the "difference may be due, at least in part, to a reliance on different delivery channels for loans within and outside these lenders' assessment areas."[30]

Second, the CRA's mandate to serve local communities may, albeit indirectly, encourage CRA Banks to more closely scrutinize the creditworthiness of borrowers who submit loan applications at their assessment area branches. The more loans a

23. Kristopher Gerardi, Adam Hale Shapiro & Paul S. Willen, *Subprime Outcomes: Risky Mortgages, Homeownership Experiences, and Foreclosures* (Fed. Reserve Bank of Boston, Working Paper No. 07-15, 2007) (analyzing homeownership experiences in Massachusetts).

24. Unemployment rate is for the September 2007 civilian labor force (not seasonally adjusted) from the U.S. Department of Labor.

25. Third quarter 2007 annual percent change in median sales price of existing single-family homes (not seasonally adjusted) from the National Association of REALTORS®.

26. *See* 12 C.F.R. § 228.41 (2008).

27. *Id.* § 228.24.

28. *See, e.g.*, Joint Ctr. for Hous. Studies of Harvard Univ., Credit, Capital and Communities: The Implications of the Changing Mortgage Banking Industry for Community Based Organizations 4 (2004).

29. Robert B. Avery, Glenn B. Canner & Robert E. Cook, *New Information Reported Under HMDA and Its Application in Fair Lending Enforcement*, 91 Fed. Res. Bull. 344, 370 (2005) (internal citation omitted).

30. *Id.*

CRA Bank makes in its assessment area, especially to LMI borrowers, the greater the likelihood that examiners will conclude it is fulfilling its CRA obligations. Therefore, in order to compete with other lenders in their CRA assessment area, CRA Banks may price loans more aggressively there. Heightened scrutiny of a borrower's creditworthiness minimizes the likelihood of mistaking a person with good credit as a poor credit risk. It may also have the collateral effect of reducing the likelihood that a CRA Bank would inadvertently offer higher cost loans to prospective borrowers who actually qualify for less expensive loans. The lower loan rates, and the fact that creditworthiness has been thoroughly investigated before the loan is approved, may also contribute to the lower foreclosure rates associated with these loans.

III. CONCLUSION

Our study suggests that without the CRA, the subprime crisis and related spike in foreclosures might have negatively impacted even more borrowers and neighborhoods. Compared to other lenders in their assessment areas, CRA Banks were less likely to make a higher cost loan, charged less for the higher cost loans that were made, and were substantially more likely to eschew the secondary market and hold higher cost and other loans in portfolio. Moreover, branch availability is a key element of CRA compliance, and foreclosure rates were lower in metropolitan areas with proportionately greater numbers of bank branches.

Prior to the foreclosure crisis, some had suggested that the boom in subprime mortgage lending, by easing access to credit for LMI borrowers, rendered the CRA irrelevant or obsolete.[31] However, the demise of subprime lending, even if only temporary, and the lower proportion of higher cost loans made by CRA Banks, even when the subprime market was thriving, suggest that the CRA still has a vital role to play.

Of course, CRA Banks, even in their own assessment areas, have a relatively small portion of the mortgage market. In the fifteen metropolitan areas analyzed, the CRA Bank market share of all loan originations was less than 25%, limiting the law's impact on the subprime crisis.

Because the vast majority of mortgage lending is done by other entities, some have suggested extending CRA-like obligations to other lenders as a way of limiting the volume of higher cost loans and the problems associated with them. While extending the CRA to bank affiliates and subsidiaries that lend in the bank's community may have some merit, we believe that the presence of local brick and mortar branches was as important a reason for CRA Banks' better performance as the fear of a less than satisfactory CRA evaluation.

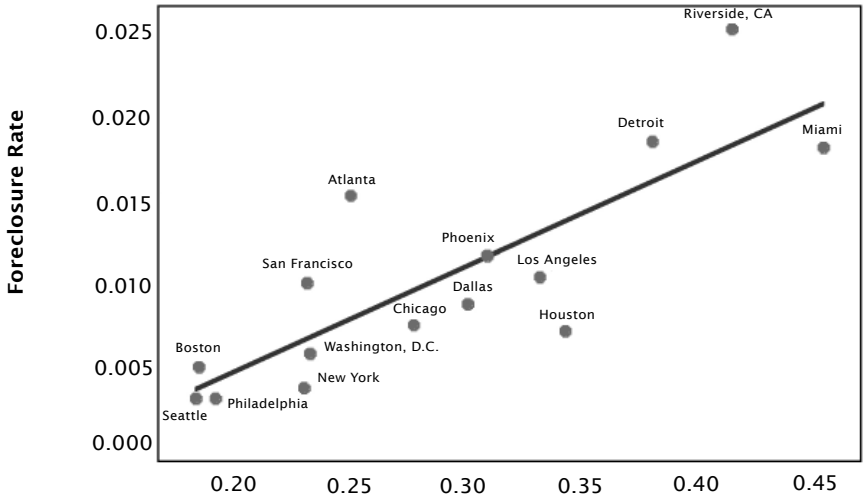
Branches demonstrate a bank's commitment to and investment in a community. The on-going interaction between bankers and residents that occurs at a deposit-

31. *E.g.*, Jeffery W. Gunther, *Should CRA Stand for "Community Redundancy Act"?*, 23 Reg. 56 (2000), *available at* http://www.cato.org/pubs/regulation/regv23n3/gunther.pdf.

taking branch provides insight into credit needs that may enable banks to make more reliable assessments of borrowers' creditworthiness and to avoid making loans that are likely to default. In addition, by providing borrowers with a convenient location at which to apply for mortgage loans, branches may serve as a magnet for attracting creditworthy borrowers. Without a branch nexus, it is doubtful whether the same benefits can be realized for other lenders.

APPENDIX A

Foreclosure Rates and Proportion of Higher Cost Loans in 15 Most Populous MSAs



Source: Foreclosure data is for the third quarter of 2007 and derived from RealtyTrac's® press release dated November 14, 2007.[32]

Figure A-1

32. *See supra* note 22.

Loan Retention Proportions for Each MSA

Proportion of All Loans Held in Portfolio

Metropolitan Area	CRA Banks	Non-CRA Banks	All Lenders Except CRA Banks
Atlanta	36.4%	14.0%	19.6%
Boston	46.4%	24.9%	24.3%
Chicago	28.8%	27.9%	17.0%
Dallas	37.9%	22.8%	16.1%
Detroit	16.2%	24.8%	18.0%
Houston	34.4%	12.0%	18.2%
Los Angeles	42.5%	19.0%	14.9%
Miami	36.2%	12.9%	13.1%
New York	34.8%	19.4%	16.8%
Philadelphia	34.4%	16.5%	13.7%
Phoenix	37.1%	20.7%	15.9%
Riverside, CA	31.6%	12.9%	13.9%
San Francisco	53.5%	21.5%	15.3%
Seattle	37.7%	22.8%	14.6%
Washington, D.C.	39.6%	11.8%	16.2%

Figure A-2

Proportion of All Higher Cost Loans Held in Portfolio

Metropolitan Area	CRA Banks	Non-CRA Banks	All Lenders Except CRA Banks
Atlanta	33.7%	12.7%	14.5%
Boston	30.0%	14.3%	13.9%
Chicago	20.2%	18.3%	14.0%
Dallas	64.4%	15.4%	17.1%
Detroit	10.3%	24.9%	18.4%
Houston	52.5%	8.8%	15.8%
Los Angeles	24.3%	8.3%	15.7%
Miami	30.2%	11.9%	11.5%
New York	26.3%	12.8%	12.1%
Philadelphia	28.6%	13.5%	12.9%
Phoenix	46.5%	16.0%	14.9%
Riverside, CA	21.8%	5.4%	14.4%
San Francisco	24.0%	11.2%	13.9%
Seattle	48.6%	17.7%	15.9%
Washington, D.C.	25.4%	11.5%	11.8%

Figure A-3

Proportion of All Loans to LMI Borrowers Held in Portfolio

Metropolitan Area	CRA Banks	Non-CRA Banks	All Lenders Except CRA Banks
Atlanta	51.8%	11.3%	19.7%
Boston	56.1%	23.7%	27.5%
Chicago	30.4%	19.5%	16.4%
Dallas	54.3%	32.0%	20.5%
Detroit	15.2%	19.9%	20.8%
Houston	50.3%	7.7%	18.4%
Los Angeles	40.6%	49.3%	37.8%
Miami	50.3%	15.4%	18.8%
New York	37.6%	19.6%	20.5%
Philadelphia	43.1%	12.3%	13.1%
Phoenix	42.4%	15.1%	15.0%
Riverside, CA	33.2%	11.1%	24.0%
San Francisco	56.8%	33.6%	25.2%
Seattle	35.7%	19.1%	16.9%
Washington, D.C.	50.3%	10.4%	19.9%

Figure A-4

Proportion of All Higher Cost Loans to LMI Borrowers Held in Portfolio

Metropolitan Area	CRA Banks	Non-CRA Banks	All Lenders Except CRA Banks
Atlanta	35.4%	9.6%	13.6%
Boston	30.8%	13.6%	16.8%
Chicago	26.6%	14.9%	13.2%
Dallas	77.4%	19.3%	18.7%
Detroit	10.1%	20.5%	19.6%
Houston	62.2%	5.5%	15.9%
Los Angeles	84.1%	62.5%	63.7%
Miami	42.5%	12.8%	12.9%
New York	33.6%	13.3%	14.6%
Philadelphia	28.5%	10.5%	11.6%
Phoenix	48.0%	14.7%	14.2%
Riverside, CA	41.4%	9.3%	43.8%
San Francisco	62.5%	17.6%	37.4%
Seattle	48.8%	13.2%	17.4%
Washington, D.C.	30.8%	8.1%	11.3%

Figure A-5

Foreclosure Rates and Bank Branch Concentration
Ranked by Foreclosure Rates in 15 Most Populous MSAs

Metropolitan Area	# of Properties with Foreclosure Filings[1]	# of Owner Occupied Housing Units[2]	Foreclosure Rate[3]	# of Bank Branches[4]	Proportion of Bank Branches[5]
Riverside, CA	20,664	838,093	0.0247	570	0.00068
Detroit	22,876	1,261,188	0.0181	1,210	0.00096
Miami	24,144	1,357,812	0.0178	1,583	0.00117
Atlanta	18,940	1,261,351	0.0150	1,428	0.00113
Phoenix	11,242	979,314	0.0115	862	0.00088
Los Angeles	22,338	2,170,255	0.0103	2,401	0.00111
San Francisco	8,988	906,476	0.0099	1,023	0.00113
Dallas	11,618	1,327,280	0.0088	1,718	0.00129
Chicago	17,355	2,328,139	0.0075	3,244	0.00139
Houston	8,500	1,182,763	0.0072	1,460	0.00123
Washington, D.C.	7,699	1,318,546	0.0058	1,683	0.00128
Boston	5,471	1,082,956	0.0051	1,461	0.00135
New York	13,939	3,609,780	0.0039	5,632	0.00156
Philadelphia	4,912	1,533,934	0.0032	1,956	0.00128
Seattle	2,639	819,357	0.0032	918	0.00112

Figure A-6

[1]*See* sources cited *supra* note 22.
[2]U.S. Census Bureau's 2006 American Community Survey.
[3]Number of Properties with Foreclosures per Owner Occupied Housing Unit.
[4]Federal Deposit Insurance Corporation, as of June 30, 2007.
[5]Number of Bank Branches per Owner Occupied Housing Unit.

APPENDIX B

This Appendix recalculates relevant figures from the study to contrast the lending of CRA Banks *and their subsidiaries and holding company affiliates* to other lenders. While the recalculation nominally narrows the statistical gaps the study found between CRA Banks and other lenders, the conclusions of the study still hold.

All Loan Market Share
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans
in 15 Most Populous MSAs

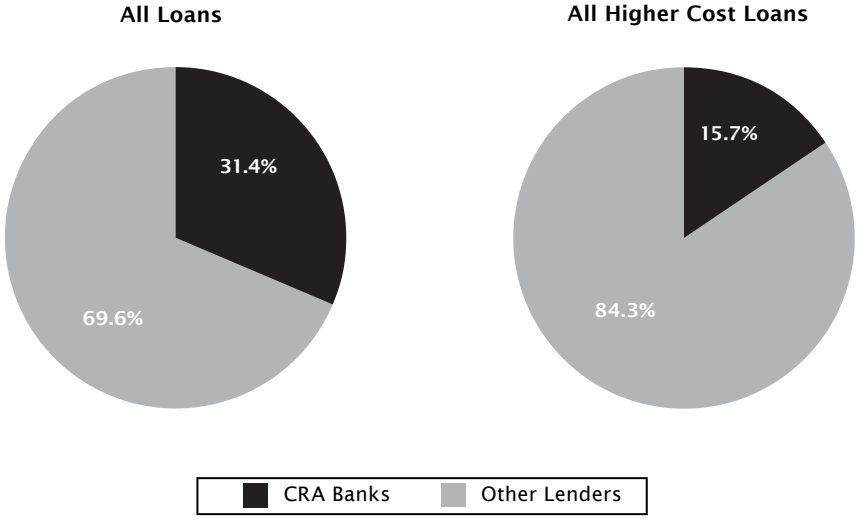


Figure B-1

Higher Cost Loans As a Percentage of Total Originations by CRA Banks (including affiliates) and Other Lenders

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

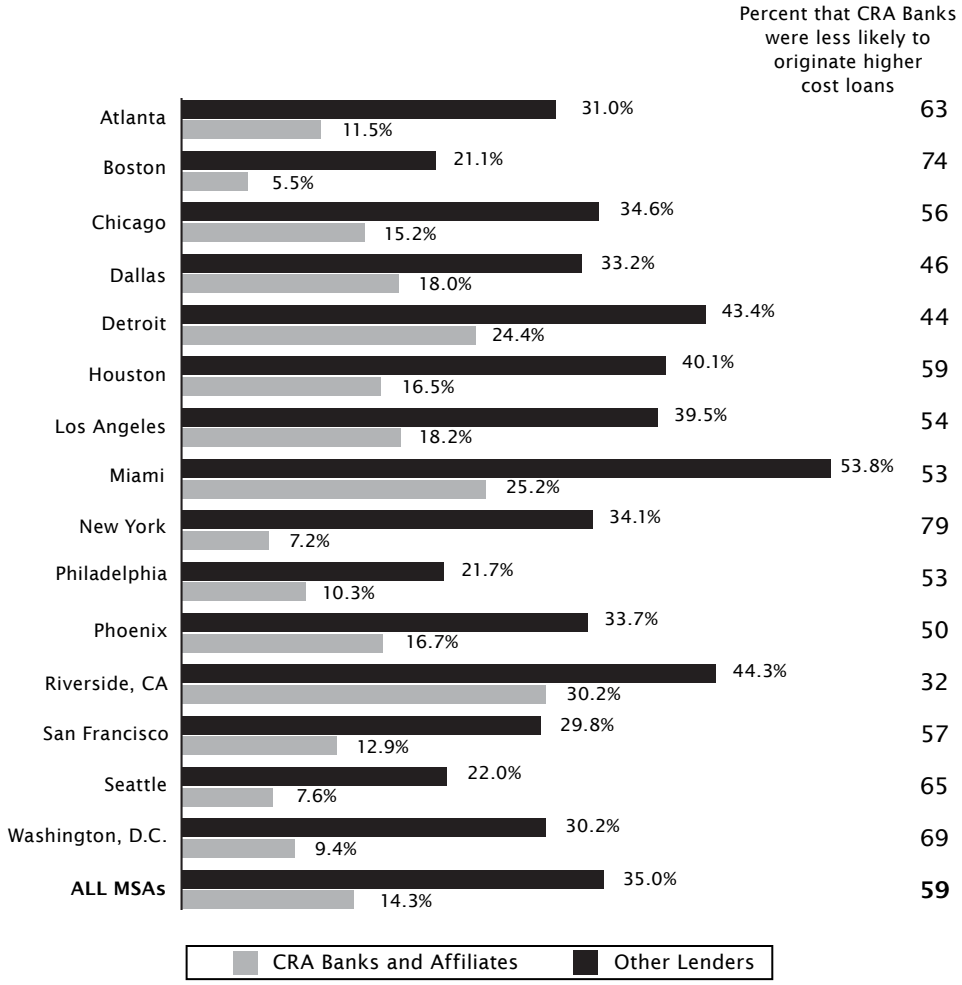


Figure B-2

LMI Loan Market Share
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase
Loans in 15 Most Populous MSAs

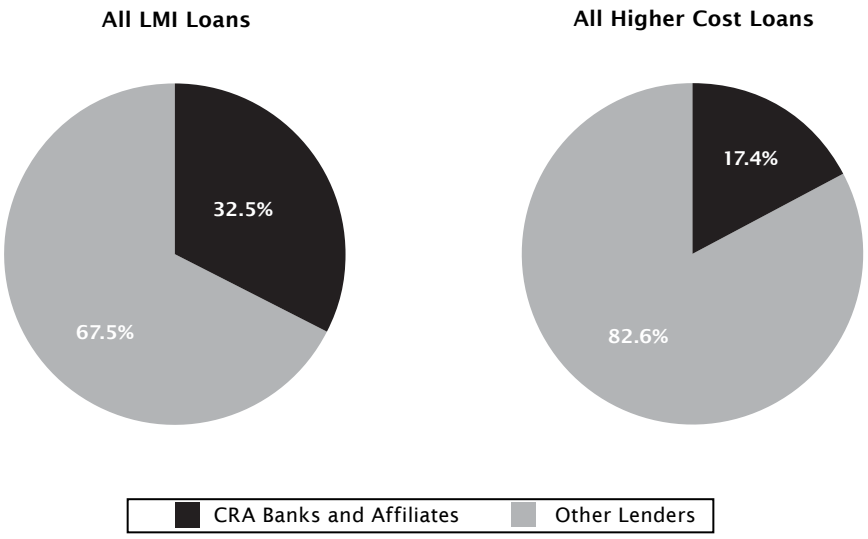


Figure B-3

Higher Cost Loans As a Percentage of Total Originations to LMI Borrowers by CRA Banks (Including Affiliates) and Other Lenders
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

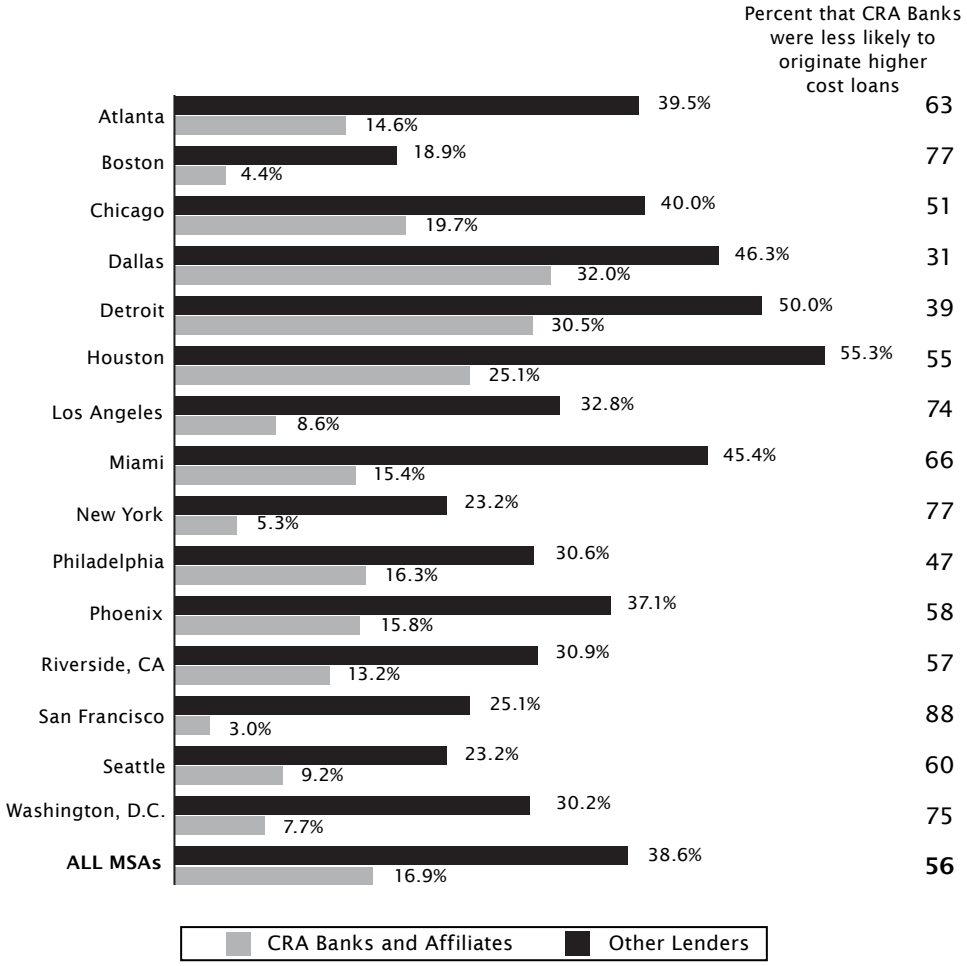


Figure B-4

Average Rate Spreads on Higher Cost Loans Originated by CRA Banks (Including Affiliates) and Other Lenders
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

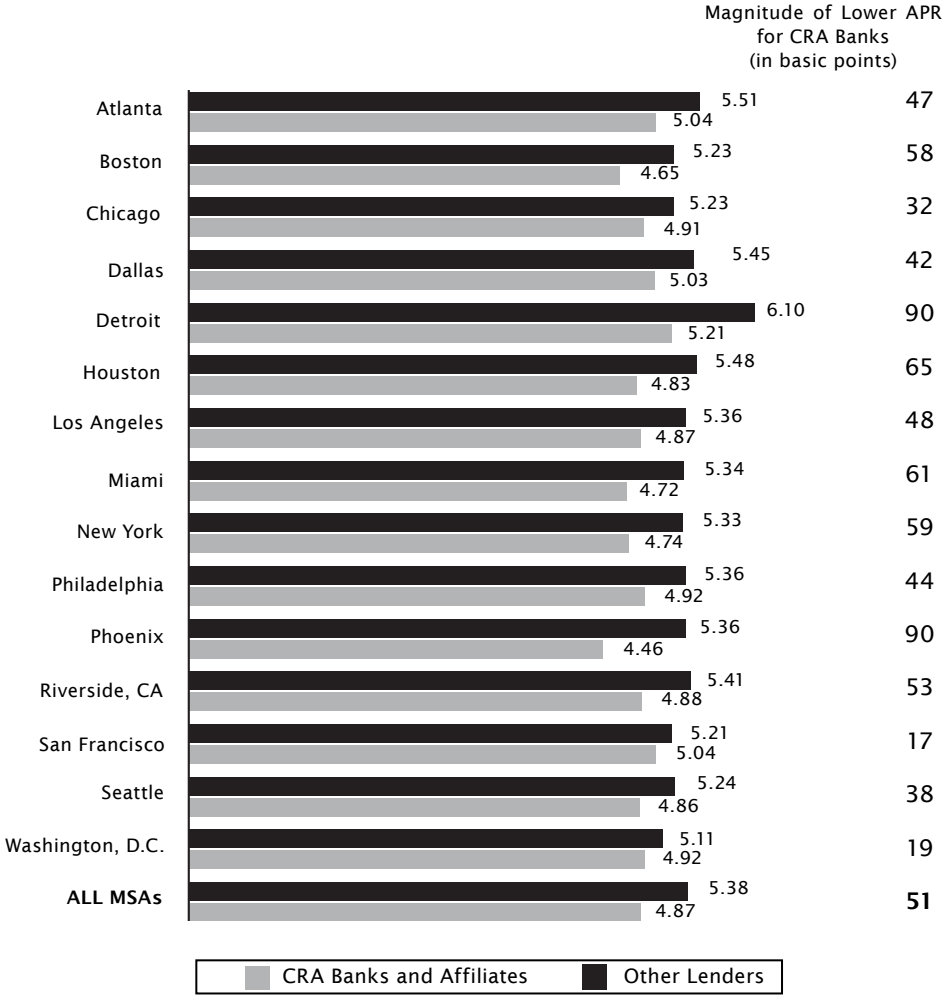


Figure B-5

Average Rate Spreads on Higher Cost Loans to LMI Borrowers by CRA Banks (Including Affiliates) and Other Lenders

2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase Loans in 15 Most Populous MSAs

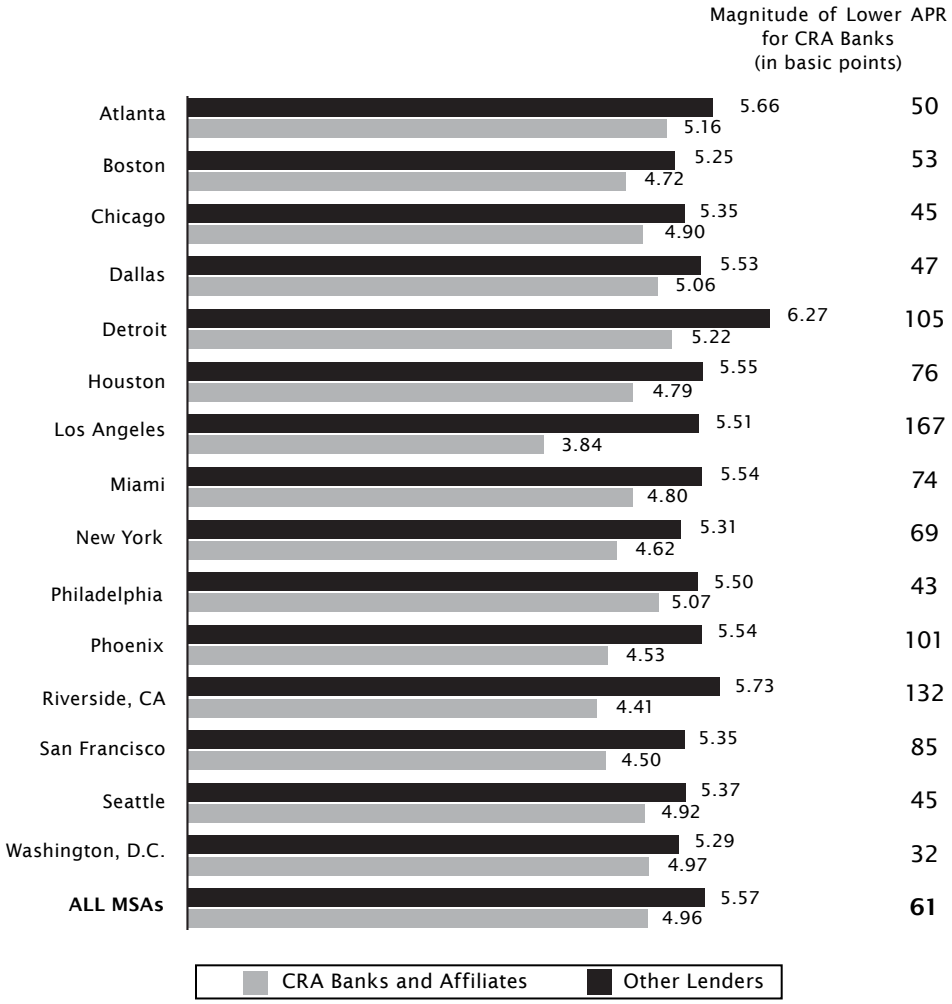


Figure B-6

Proportion of Loans Held in Portfolio
2006 Conventional, Owner-Occupied, 1st Lien, Home Purchase
Loans in 15 Most Populous MSAs

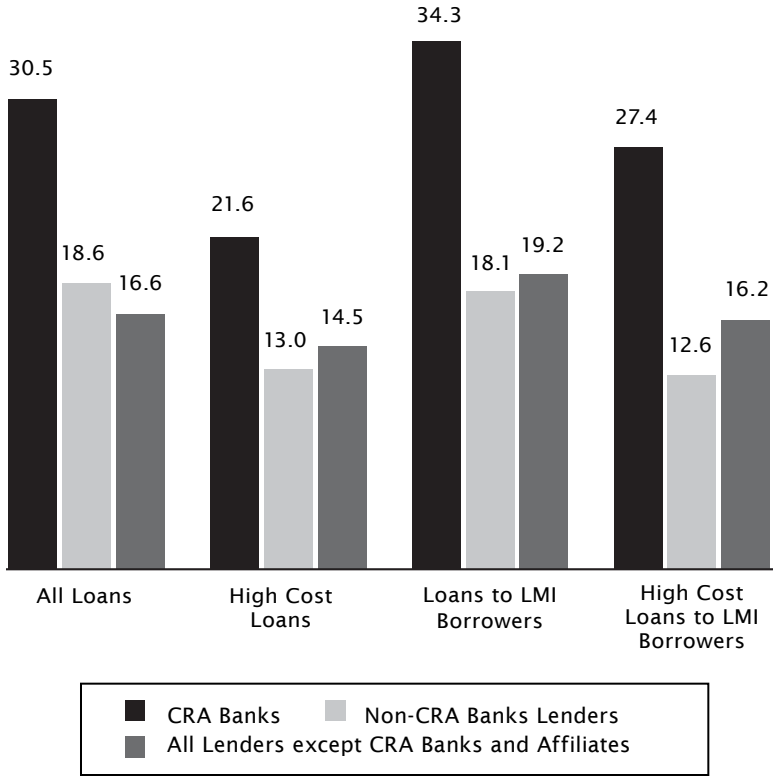


Figure B-7